



**Livestock and Seed Program
Audit, Review, and Compliance Branch
Quality System Audit Report**

Applicant: Indiana Certified Organic
Program : National Organic Program – Annual Update Review
Location(s): 8364 S SR 39 Clayton, IN 46118
Audit Date(s): June 4 – September 1, 2004
Audit File Number: NP4156GA
Action Required: Yes
Auditor(s): Vickie Robertson
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AUDIT ACTIVITIES

On various days from June 4 to September 1, 2004 a representative of the Audit Review and Compliance (ARC) Branch conducted a review of annual update information and documents submitted by Indiana Certified Organic (ICO) to verify continued compliance to the USDA, AMS 7CFR Part 205, National Organic Program (NOP). ICO's organizational structure has changed from a corporation to a Limited Liability Company (LLC). Its place of operation remains the same.

A review of the materials submitted indicated no major changes in the certification process, method of operations or personnel since the accreditation by NOP on April 29, 2002. There have been some modifications to the Quality Manual, and fee schedule, and revised copies of these documents were provided. ICO submitted three client files that combined crop and livestock production and two handler/processor operation files. The client files submitted contained the following; the organic system plan, the narrative inspection report, the certification review documents, the certificate issued and the conditions if any to be met. The certificates have been revised to be NOP compliant and have an initial effective date and a new effective date. The review indicated a heavy reliance on the OMRI list to evaluate approved inputs. ICO is not requesting a change in their scope of accreditation. ICO currently certifies clients in 14 states and no foreign clients, and will expand to any client in any state capable of performing to the NOP. ICO estimates 175 crop, 5 wild crop, 30 livestock and 50 handling operations will be certified annually. ICO has not completed an internal program review for 2004 and the 2003 program review did not follow the procedure detailed in the quality manual.

Resumes or other evidence of expertise, conflict of interest disclosure reports, confidentiality statements and performance evaluations were provided for the required certification personnel. A complete roster of employees and positions held was provided. ICO has not successfully addressed one non-compliance from the 2003 annual update review, and all of the non-compliances identified during the on-site accreditation audit remain outstanding. Audit documentation is available for review (**NP4156GA NC Audit Documentation**).

FINDINGS

As a result of this review the auditor concludes that ICO did not provide certification services in compliance to the National Organic Program Final Rule 7 CFR Part 205. Three Minor non-compliances and one Major non-compliance were identified during this review. The outstanding non-compliance from the 2003 annual update review is re-stated in this report.

Outstanding Non-compliance:

NP3310GA.NC1 – CIP – 205.504(a)(4) – Requires entities seeking accreditation as a certifying agent to submit “A description of any training the applicant has provided or intends to provide to personnel to ensure that they comply with and implement the requirements of the Act and the regulations in this part”.

Training was identified as a weakness in the annual review. However, the training to be required or provided by ICO was not addressed.

New Non-Compliances:

NP4156GA.NC1 – Major - 7 CFR Part 205.100 (a) requires “Each production or handling operation or specified portion of a production or handling operation that produces or handles livestock, livestock products or other agricultural products that are intended to be sold, labeled, or represented as “100 percent organic”, “organic”, or “made with organic” must be certified according to the provisions of subpart E of this part and all other applicable requirements of this part.” Part 205.300 (a) states, “The term “organic” may only be used on labels and in the labeling of raw or processed agricultural products..... That have been produced and handled in accordance with the regulations in this part.” A review of the Roseland Farm file revealed that certified cattle were slaughtered and processed in separate facilities, neither of which is a certified organic processor/handler. The inspection report clearly indicates the resulting beef products were labeled as “organic” displaying the USDA shield and that the product was certified organic by Indiana Certified Organic (ICO). The products are marketed at the farm store and distributed to other venues such as health food stores and co-ops. Roseland Farm was certified with the condition to provide copies of the labels used on the beef products. The inspection report for 2004 was provided as part of the corrective actions submitted to the auditor by ICO. The inspector states the slaughtered animals are transported to the same non-certified facilities discussed in the 2003 inspection report, stating “there are no certified organic processors close enough for the Clark’s to take their cattle to for processing.” The inspector states the 2003 previous requirements, one being “Beef labeled as organic”. The response to this previous requirement is that ICO certifies livestock but not the processing. Certified organic processing is not available to the Clarks. The inspector does not address the mislabeling of the beef products with labels that include the USDA shield and certified organic by ICO. The reviewer identified the non-compliance as “Certification documents for the handling/processing facility concerning beef/beef products to be labeled as “Organic.”” A letter of non-compliance was issued to Roseland Farm after the gravity of the non-compliance was brought to ICO’s attention by the ARC auditor. Roseland Farm has been certified by ICO for 4 years. The documentation reviewed indicates the same problem has existed for at least the past three years with no letter of non-compliance issued until July 6, 2004. ICO has not submitted any indication of a corrective or preventative action to assure major non-compliances will be documented and addressed.

NP4156GA.NC2 – Minor - 205.504 (a)(4) – states, (a) “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production and handling techniques; its ability to comply with and implement the organic certification program established and its ability to comply with the requirements for accreditation.... (4) A description of any training that the applicant has provided or intends to provide to personnel to ensure that they comply with and implement the requirements of the ACT and the regulations in this part.” Documentation was provided indicating the training available to staff and contracted employees. However, the documentation suggests that there is a cost for the conferences which is born by the employee, and therefore the training is not provided by ICO. Additionally a list of attendees to these events was not provided.

NP4156GA.NC3 – Minor – 7 CFR part 205.510(a)(3) – Requires the applicant to provide a description of the measures implemented in the previous year and any measures to be implemented to satisfy any terms and conditions determined by the Administrator to be necessary, as specified in the most recent notice of accreditation or notice of renewal of accreditation. *ICO has not sufficiently addressed one of the non-compliances identified in the 2003 annual update. Corrective actions have been submitted to the auditor of record for the on-site evaluation; however, they have not been evaluated pending resolution of the annual update non-compliances.*

NP4156GA.NC4 – Minor – 7 CFR part 205.510(a)(4) – Requires the applicant to provide the results of the most recent annual program review and a description of adjustments to the certifying agent's operation and procedures implemented or to be implemented in response to the program review. *ICO completed an annual program review for 2003; however, it was not performed according to the procedures contained in the ICO quality manual, and did not address 4 of the 6 elements listed in the procedure. ICO has not provided documentation of the adjustments or procedures implemented as a result of the program review. ICO has not completed a program review for 2004.*

RECOMMENDATIONS

Based on the findings of this review, the auditor recommends that ICO's accreditation be suspended and the certification of Roseland Farm be revoked until appropriate corrective and preventative actions for the major non-compliance identified in the findings section above are submitted to the National Organic Program. It is further recommended that an additional on-site audit is scheduled to verify the implementation of the corrective actions submitted.